

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES



BRIAN SCHWEITZER
GOVERNOR

JOAN MILES
DIRECTOR

STATE OF MONTANA

Developmental Disabilities Program
111 N. Sanders Room 305
PO Box 4210
Helena, MT 59604

406-444-2995

DATE: September 22, 2005

TO: Legislative Finance Committee

FROM: Joe Mathews, Administrator,
Disability Services Division, DPHHS

RE: Information Request

This is in response to the recent request for information sent out by the Legislative Fiscal Division on September 8, 2005, in relation to the Developmental Disabilities Program (DDP) Provider Rates.

In HB2 of the 2005 Legislative Session, support for gradual implementation of published rates is identified on page B12:

"Funding for the Disability Services Division includes funding that supports community services for developmentally disabled individuals and the implementation of a statewide published rate schedule for reimbursement of these services. Funding for these services was appropriated by the legislature in a manner that supports a phased-in implementation of the published rate schedule, with one-quarter of the reimbursement for services provided to consumers transitioning to the published rate schedule each year. The department may adjust the timeframe for implementation of the published rate schedule if necessary to maintain federal Medicaid funding, avoid federal penalties, or achieve compliance with federal requirements. In the event that the timeframe for implementation of the published rate schedule is modified, the department shall notify members of the 2005 legislative joint appropriations subcommittee on health and human services prior to taking action to change the implementation schedule."

On January 1, 2005, DDP initiated Phase I of the rates pilot program that lasted through June 30, 2005. Due to the findings during this pilot, several adjustments were made to the rates and assessment tool to better accommodate the needs of providers and consumers.

Starting July 1, 2005, a Phase II pilot was initiated, which involves all adult providers in Region II (consisting of approximately 320 individuals in services). Based on legislative comments in HB2, the prior pilot findings, and updated provider information, the rates were adjusted to accommodate budget neutrality and are currently being tested and validated.

Coinciding with provider rates is the development of a resource allocation, otherwise known as the MONA. The MONA is a tool to allocate funding to individuals in services. This tool was also updated from the original pilot, and is further being tested during the current pilot in Region II.

The Phase II pilot is expected to end around April 2006. After the end of the current pilot, we expect the rates and assessment tool to be finalized and published. After finalization, the 'pilot' providers and individuals will immediately operate under the published rates. Starting July 2006, about 900 more individuals will be implemented into the published rate system. We have a workgroup identified and we will initiate a plan on how/who to implement into the rate structure each year, over the remaining years as designated by HB2. All providers and individuals are expected to be in the rates structure by July 2009.

The following is a list of the main challenges that have arisen:

- Apprehension about the system and about change
- Staff time and resources
- Achieving equality and fairness while maintaining budget neutrality, health, and safety
- Implementing rates that are 'transparent' – meaning accessible and understandable
- Education and explanation of the new system
- 4 year timeline which may prolong DDP's capability to achieve Medicaid compliance

To summarize the 5 specific questions listed on the request:

Q. Design/Implementation of published rate schedules.

A. The rates are designed, and are currently being tested for accuracy. Implementation of published rates is anticipated between April and July of 2006.

Q. Design/Implementation of resource allocation protocol.

A. The resource allocation tool (MONA) is designed and is currently being tested for accuracy. Implementation of the tool is anticipated between April and July of 2006.

Q. Status of pilot implementation of the above.

A. An initial pilot began January 2005. There is a second phase of the piloting process currently underway. The current pilot is anticipated to end around April 2006.

Q. Status/timing of implementation of the above.

A. Both the published rate structure and the assessment tool are scheduled to be implemented around April 2006-July 2006. Per HB2, statewide implementation may not occur until July 2009.

Q. Status of achieving penalty compliance.

A. As each individual in services is phased into the rate structure, Montana moves closer and closer to federal compliance. Per the 4-year schedule, full compliance may not occur until July 2009. Although we may see federal direction to more rapidly implement the rate structure statewide to meet compliance, at this time there is no indication of penalty.

The Developmental Disabilities Program appreciates the Legislature's support for implementation of this program. We will keep you apprised of any further issues or assistance that may be pertinent to this project.

Cc: Joan Miles
John Chappuis
Jeff Sturm
Anna Whiting-Sorrell
Bob Andersen